

Message Text

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INFO AMEMBASSY MOSCOW

AMCONSUL MUNICH

AMEMBASSY PRAGUE

AMEMBASSY WARSAW

AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

USMISSION GENEVA

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C O N F I D E N T I A L BUDAPEST 3406

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, PINT, HU

SUBJECT: GUIDELINES FOR ELEVENTH HUNGARIAN PARTY CONGRESS

REF: BUDAPEST 3259

GENEVA FOR CSCE.

1. EIGHT-PAGE GUIDELINES FOR ELEVENTH HUNGARIAN PARTY CONGRESS ISSUED OVER WEEKEND INDICATE THAT NEXT SPRING'S CONGRESS WILL CONTINUE HUNGARY'S CURRENT FUNDAMENTAL POLICIES, WITH SOME SHIFTS IN EMPHASIS OF A BASICALLY BUT NOT STRONGLY CONSERVATIVE NATURE ALONG LINES WHICH HAVE ALREADY DEVELOPED DURING PAST YEAR. ESSENTIALLY, HUNGARY APPEARS TO BE IN A PERIOD OF STABILIZATION DURING
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WHICH IT EXPECTS TO MODERNIZE ITS INDUSTRY TO CONCENTRATE

ON AREAS WHERE IT CAN COMPETE ON THE WORLD MARKET. FOR THIS AND OTHER REASONS THE GUIDELINES ALSO INDICATE THAT A CONTINUED EXPANSION OF WESTERN CONTACTS IS DESIRED. GUIDELINES HAVE STAMP OF KADAR CAUTION. MOST SIGNIFICANT POINTS OF EMPHASIS FOLLOW.

2. NO NEW GROUND IS BROKEN IN FOREIGN AFFAIRS. CENTRAL COMMITTEE PUT STRONG EMPHASIS ON DETENTE, ESPECIALLY ON IMPROVEMENT U.S.-SOVIET RELATIONS, AND SAYS EXPANSION OF CONTACTS WITH "CAPITALIST" COUNTRIES FURNISHES BETTER CHANCES FOR PEACE AND WIDENING OF ECONOMIC COOPERATION.

3. CLOSE TIES WITH SOVIET PARTY AND HSWP'S ACTIVE ROLE IN FORTHCOMING EUROPEAN PARTY MEETING AND IN PREPARING FOR NEXT INTERNATIONAL CONFERENCE ARE ALSO STRESSED-- WITH USUAL JIBES AT "MAOISM."

4. ON PROPERTY OWNERSHIP--WHICH GAVE PROMISE OF BEING MOST CONTENTIOUS ISSUE BEFORE CONGRESS--GUIDELINES APPEAR TO BACK AWAY FROM SUGGESTIONS KADAR MADE IN SEPT THAT SOME CHANGE MIGHT HAVE TO BE MADE (IN COOPERATIVE AREA). WHILE STRESSING THAT STATE PROPERTY HAS THE "LEADING ROLE" GUIDELINES SAY COOPERATIVE PROPERTY ALSO HOLDS AN IMPORTANT PLACE IN THE ECONOMY AND EVEN SPEAKS FAVORABLY ABOUT HUNGARY'S EXPANDING PERSONAL PROPERTY. FOCUS ON COOPERATIVES AT CONGRESS APPARENTLY WILL BE ON CONSOLIDATION OF SOME INTO LARGER AND MORE EFFICIENT UNITS AND ON JOINT EFFORTS BY THEM WITH STATE FARMS. WHETHER IDEOLOGICAL ISSUE ON PROPERTY WILL STILL BE RAISED DIFFICULT TO SAY, BUT GUIDELINES DO NOT RAISE IT.

5. GUIDELINES FORECAST RATE OF DEVELOPMENT (30 PERCENT INCREASE IN NATIONAL INCOME) ROUGHLY SAME AS PLANNED IN CURRENT FIVE YEAR PLAN, PUTTING EMPHASIS UPON NECESSITY FOR INDUSTRIAL MODERNIZATION AND INCREASED LABOR PRODUCTIVITY TO ACHIEVE IT, INASMUCH AS LABOR FORCE WILL NOT INCREASE. CONCERN ABOUT ENERGY AND INFLATION PROBLEMS IS OBVIOUS, BUT NOT TO EXTENT OF REDUCING THE GOAL. WHETHER THE GOAL IS REALISTIC OR NOT, GIVEN THESE PRESSURES, IS PROBLEMATIC; TARGETS APPEAR TO BE MORE RELATED TO LAST FIVE YEAR'S

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TARGETS THAN TO CURRENT WORLD ECONOMIC PROBLEMS.

6. GUIDELINES SHOW PRESENT SYSTEM OF "WELL TRIED" ECONOMIC POLICY WILL REMAIN INTACT, WHILE CALLING FOR IMPROVEMENTS IN CENTRAL DIRECTION AND GUIDANCE. EFFORTS ALSO WILL CONTINUE TO BE MADE TO GIVE UNIONS MORE SIGNIFICANT ROLE IN FACTORY DECISIONS. WHILE FROM OTHER DOCUMENTS WE KNOW THEY PLAN TO GIVE FACTORY MANAGERS WIDER AUTHORITY OVER USE OF THEIR

PROFITS AND GREATER DISCRETION ON MANY MATTERS, IT APPEARS THAT OVERALL CENTRAL ROLE LIKELY TO BE SOMEWHAT LARGER THAN AT PRESENT AS HUNGARY GOES INTO PERIOD OF FOREIGN EXCHANGE PRESSURES AND INFLATIONARY IMPACT.

7. GUIDELINES INDICATE THAT PRODUCER PRICE POLICIES WILL HAVE TO BE MODIFIED, PRIMARILY TO TAKE ACCOUNT OF LASTING COST INCREASES OF WESTERN IMPORTS. CONSUMER PRICE POLICY WILL ALSO BE AFFECTED, AND IT SEEMS TO US CERTAIN THAT HIGHER RATE OF PRICE INFLATION THAN NOW (2 PERCENT 1974, AND 3.6 PERCENT 1975) WILL HAVE TO BE ALLOWED. GUIDELINES CONTEMPLATE A STEADY INCREASE OF PERSONAL INCOME THAT WILL MORE THAN OVERCOME CONSUMER PRICE LEVEL ADVANCES.

8. ON CULTURAL POLICY GREATER DOMESTIC IDEOLOGICAL EFFORTS APPEAR TO BE SERIOUSLY CALLED FOR, WITH DENUNCIATION OF "RIGHTIST, ULTRA-RADICAL, DOGMATIC VIEWS" AND OF "BOURGEOIS OR PETIT-BOURGEOIS ATTITUDES," TOGETHER WITH CONCERN ABOUT "COSMOPOLITANISM AND NATIONALISM." GUIDELINES THUS APPEAR TO ATTACK EXTREMES ON ALL SIDES CURRENT SPECULUM. AT SAME TIME THEY SUPPORT EXPANSION CONTACTS WITH WEST, INCLUDING "TRUE CULTURAL VALUES," AS WELL AS HUMAN CONTACTS AND "INFORMATION," WHILE REJECTING "POLITICAL AND IDEOLOGICAL" INTERFERENCE. REFERENCE TO INFORMATION PARTICULARLY INTERESTING AND ENCOURAGING, AS WORD HAS USUALLY BEEN AVOIDED RECENTLY. BALANCE OF POLICY ON INTERNAL CULTURAL POLICY STILL NOT CLEAR. OUR GUESS IS THAT ON ONE SIDE THERE WILL BE AN INCREASED EMPHASIS ON IDEOLOGICAL OUTPUT WHILE ON OTHER PRESENT RELATIVELY LIBERAL EXTENT OF EXPRESSION WILL CONTINUE.

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